



Riksrevisjonen

Office of the Auditor General of Norway

Auditing MBIs

Examples from OAG's performance audits

EUROSAI WGEA

Name of performance audit	Type of MBI audited	Instrument in question
Investigation into target achievement in climate policy	Charges, taxes and levies	Co2 tax
	Tradable permits	Emission trading scheme
Investigation into the Norwegian Authorities' Control of the Norwegian Emissions Trading System	Tradable permits	Emission trading scheme
Investigation into the management of hazardous waste	Deposit refund systems	Producer responsibility systems (EE-waste) Reimbursement schemes for waste oil
Investigation of sustainable management of Norwegian forest resources	Subsidies, incentives	Forest funds and grants for sustainable forest management
Investigation of the authorities' efforts to achieve the goals concerning organic agriculture	Subsidies, incentives	Grants and subsidies for organic agricultural production
Investigation of grants for natural diversity and outdoor recreation	Subsidies, incentives	Grants for fish and game-related measures, and water environment and outdoor recreation measures
Investigation of the authorities' efforts to ensure good air quality in urban areas	Subsidies, incentives	Reward system for public transport for municipalities

The Office of the Auditor General's investigation into target achievement in climate policy

Document 3:5 (2009-2010)

- **Objective of the investigation**
 - Assess goal achievement in relation to Norway's international climate commitments under the Kyoto Protocol

- **Main findings**
 - National policy instruments have helped to curb emissions growth, but have not reversed the trend of growing emissions

 - Emissions are expected to continue to increase given the policy instruments adopted at present

MBIs covered in the audit

Carbon tax (Co2 tax)

- **Purpose of MBI**
 - Co2 tax will contribute to cost-efficient emission reductions

- **Audit findings**
 - The tax has contributed significantly to curbing the increase in emissions from the petroleum sector

 - Has not contributed much to reducing emissions in other sectors
 - The level of the tax has increased little over the last decade
 - The tax is differentiated across sectors and energy type
 - Many businesses have tax exemptions

MBIs covered in the audit

Norwegian Emission Trading Scheme

- **Purpose of MBI**
 - Flexible mechanism will make it cheaper to achieve the climate policy targets

- **Main findings**
 - Enterprises' purchases through the emissions trading scheme will probably ensure that the Kyoto Protocol commitment is met

MBIs covered in the audit

Norwegian Emission Trading Scheme

▪ Audit findings

- First phase (2005-2007):
 - Limited scope of the emissions trading scheme (11% of emissions)
 - Over-allocation of allowances
 - Extremely low prices.
- Second phase (2008–2012)
 - Increased scope (36% of emissions)
 - Low prices
 - No calculation of expected impact on domestic emission reductions
 - Uncertain effects of CDM purchases

Methodology

Methods applied for evaluating MBIs

- Collected and analysed statistics on purchases and prices of emission allowances
- Report on CDM mechanism conducted by Econ Pöyry AS
- Document review
- Interviews

The Office of the Auditor General's investigation into the management of hazardous waste Document 3:7 (2011-2012)

- **Objective of the investigation**
 - Evaluate the authorities' work on ensuring the proper handling of hazardous waste

- **Main findings**
 - A lot of EE waste is not collected
 - Many involved parties do not comply with the regulations for the delivery and proper handling of hazardous waste
 - Limited supervisory activities to uncover illegal export of hazardous waste
 - Illegal waste export from Norway goes to countries outside the EU/EEA area that do not handle the waste properly

MBIs covered in the audit

Producer responsibility scheme for EE waste

- **Purpose of MBI**
 - Enterprises made responsible for the collection, treatment and recovery of waste from their own products
 - Encourages improved quality and easier recovery
- **Audit findings**
 - Producer responsibility schemes help to increase the collection rate, but neither the collection of nor the removal of hazardous components from EE waste is satisfactory
 - Authorities do not have overview over how much EE waste is generated
 - Weaknesses in authorities' follow-up and control of the schemes
 - New products and internet imports pose a challenge
 - Many distributors do not comply with duty to provide information to consumers

MBIs covered in the audit

Reimbursement schemes for waste oil

- **Purpose of MBI**
 - Encourage increased handing-in waste oil for approved treatment
- **Audit findings**
 - Many facilities fail to comply with regulations of sample collection, volume measurement and record-keeping
 - Risk that facilities receive inflated reimbursements
 - Use of document control to check that reimbursement claims are in line with the regulations
 - However, there are circumstances that only can be revealed through inspection of facilities – risk that these are not detected

Methodology

Methods applied for evaluating producer responsibility and reimbursement schemes

Assistance from consulting firm Mepex AS

- Carried out waste stream analysis and calculated amounts of hazardous waste in selected waste fractions
- Examined the quality of waste declarations and reception control
- Inspection of seven waste oil facilities entitled to reimbursement

- **File review**
 - Summaries of inspection reports
 - Case files of waste oil treatment facilities

The Office of the Auditor General's investigation of the authorities' efforts to achieve the goals concerning organic agriculture

Document 3:7 (2015-2016)

- **Objective of the investigation**
 - Assess whether the Ministry of Agriculture and Food, through its management and use of policy instruments, has facilitated attainment of the 15 % target on organic production and consumption in 2020

- **Main findings**
 - Organic production and consumption are far from reaching targets

 - Stimulation measures are insufficient in order to stimulate farmers to shift to organic production, or prevent withdrawal from farmers currently involved in organic agriculture

MBIs covered in the audit

Subsidies/ grants

Overview of subsidies/ grants for organic agricultural production

	Producer	Processing industry	Distribution/ wholesale	Grocery trade	Consumption
Production subsidy - husbandry					
Production subsidy - Organic production per acre					
Subsidy for transition to organic production					
Development grants					
Subsidy for price reduction					

MBIs covered in the audit

Subsidies/ grants

- **Purpose of MBI**
 - Stimulate organic agricultural production

- **Audit findings**
 - The subsidies have been restructured
 - The subsidy for transition to organic production is being phased out
 - The rates for organic production per acre are reduced – affecting majority of organic farmers
 - The rates for animal husbandry are increased – affecting a minority of organic farmers

MBIs covered in the audit

Charges/fees

- **Purpose of MBI**
 - Farmers with organic agricultural production pay a fee for being included in the control regime
- **Audit findings**
 - The fees increased by 39 % 1st January 2014
 - Agricultural authorities state that the fee does still not cover the real management costs

MBIs covered in the audit

Methods used for evaluating MBIs

- Survey data from consulting firm Vista Analyse
 - Based on questionnaire to 4283 conventional and organic producers
 - Questionnaire to County Governors on their views on the various stimulation measures
- Statistics
- Interviews